UNDP

Distributed on request
DP/PROJECTS/7494

UNITED NATIONS
DEVELOPMENT
PROGRAMME

ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
CHINA

IPF:(1992-96) $176 600 000
(CPR/91/543) - Effective Participation in the International Trading System

Date of approval by the AC:[1]	21 April 1993
Expected duration:	Four years
Proposed executing agency:	United Nations Conference on Trade and Development (UNCTAD)
Government implementing agency:	Department of International Trade and Economic Relations (Ministry of Foreign Trade and Economic Cooperation) (DITER/MOFTEC)
Proposed UNDP contribution:	$ 998 900 Source of funds: IPF
Previous UNDP contribution:	$ 215 800
Total UNDP budget:	$1 214 700

Project background

While continuing to attach great importance to the bilateral relations with its trading partners, China has also decided to integrate itself into the multilateral trading system by seeking to resume its membership in the General Agreement on Tariff and Trade (GATT). In this regard, China's major objectives have been to obtain non-discriminatory access for its exports to world markets based on the unconditional most-favoured-nation clause, and to consolidate the liberalization process in China in the framework of multilateral rights and obligations. Should the Uruguay Round be successful, GATT will be subsumed by the resulting new instruments, including a new multilateral trade organization (MTO) which will contain multilateral agreements establishing stricter multilateral disciplines on a variety of issues including agriculture, textiles and clothing, subsidies, anti-dumping duties, trade-related investment measures, technical barriers to trade, etc. which, along with tariff concessions, will be incorporated in a revised GATT termed "GATT 1993", as well as the General Agreement on Trade in Services (GATS), and Trade-Related Aspects of Intellectual Property Rights.

China has been an active participant in the Uruguay Round negotiations on trade in services. The proposed GATS resulting from these negotiations provides for specific concessions by China and all other participants with respect to liberalizing trade in services, as well as for future negotiations within five years aimed at the progressive liberalization of trade in services. Opportunities for China will have to be identified in order for China to take advantage of its membership in the GATS and to participate effectively in future negotiations within this framework. The ability of China to take part effectively in the multilateral negotiations leading to its accession to GATT and the MTO, as well as in the implementation of the GATS and "GATT 1993" and other multilateral

[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

agreements under the MTO, is hampered by (i) the lack of experience of most Government officials in multilateral trade negotiations; (ii) the ability of Government officials to identify cost and opportunity links to natural objectives; (iii) the complexity of the legal and institutional questions involved; (iv) the lack of effective support from research institutes and from the academic community in China, which also lacks knowledge and experience with respect to the issues involved; and (v) the lack of information available in China.

DITER is charged with the responsibility of handling multilateral trade affairs in MOFTEC and is the focal point for China's participation in the multilateral trading system. Currently, a large part of DITER's work in this area is concerned with China's resumption of status as a contracting party to the GATT and with China's participation in the Uruguay Round. DITER's negotiating capacity in formulating positions, in decision making, and in responding to its negotiating partners has been handicapped by the lack of adequate resources in both the DITER and in other departments and institutions.

Description of project

The long-term objective of the project is to strengthen China's capacity to pursue effectively its trade and development objectives in multilateral trade negotiations as well as in the context of the multilateral trade agreements expected to emerge from the Uruguay Round with particular reference to the services sector.

The immediate objectives of the project are to: (a) support China in participating more effectively in the international trading system, particularly in the final stage of the Uruguay Round negotiations and in the instruments and agreements on trade in goods and services resulting from the negotiations such as the Multilateral Trade Organization; (b) identify barriers to China's trade in services and means of eliminating such barriers through international negotiations; (c) strengthen effectively the support of the service sector in China towards competitiveness of the manufacturing and agriculture sectors; and (d) develop the negotiating capacity of Chinese officials in trade negotiations and improve the research capacity of Chinese institutions that provide inputs for trade policy formulation.

Project activities will include: (i) undertaking training programmes for Chinese trade officials; (ii) preparation of studies; (iii) organization of seminars and workshops; (iv) providing advice in policy formulation with respect to trade and development of service sectors; (v) developing a trade database for both goods and services; and (vi) diffusion of trade policy information.

Inputs

UNDP will provide approximately 38 work-months of international expert services for international seminars and short-term research work and 148 work-months of national consultancy for various studies; a "TRAINFORTRADE"programme and other training forms like fellowships, group training, in-service training and study tours; equipment including computers, software, printers and other related items in support of the research and training activities; and miscellaneous costs.

Financial data

	$
Personnel	756 500
Subcontract	8 000
Training	165 000
Equipment	27 400
Miscellaneous	42 000
Total	998 900

- - - - -